RJ Reynolds Tobacco Company

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To: M. A. Young

RE: **Monthly Status Report- June 1998**

## I. Full Priced Brands

A. Volume and Share Trends (through w/o 6/19

| Direct Chain | Case Volume YTD | YTD Share Performance |
|---|---|---|
| Wakefern Food Corporation | - 22.2% | -2.1% |
| Plainbridge Inc. | - 32.9% | -3.1% |
| Grand Union Company | - 15.6% | n/a |

B.. New Brands

Nothing to report

C. Observations and Recommendations

The New Jersey based Direct Chains continue to show the effect on volume of the $4.00 State Tax Increase levied in January of this year. Due to the controversy surrounding enforcement of the state minimum pricing law Wakefern immediately discontinued its Price Plus Program, and couponing in all stores. This has negatively impacted volume. Both Plainbridge (Pathmark) and Grand Union also continue to show losses in volume for both RJR and Industry. At the same time Quick Chek has remained flat in business due to heavy promotional activity from all manufacturers.

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Source: https://www.industrydocuments.ucsf.edu/docs/rhjy0000

## II. Branded Savings

A. Volume and Share Trends (through w/o 6/19

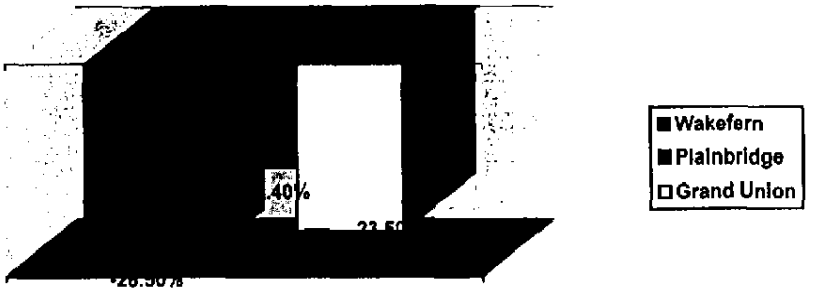
| Direct Chain | Case Volume YTD | RJM Share Performance |
|---|---|---|
| Wakefern Food Corporation | - 28.4% | -4.0% |
| Plainbridge Inc. | - 17.4% | + .1% |
| Grand Union Company | - 23.5% | n/a |

B. New Brands

Nothing to report.

C. Observations and Recommendations

DORAL continues to suffer large losses in all direct chains.




BAT is now shipping $2.00 off "sniped" GPC Product to Wakefern. This places DORAL at a disadvantage in all Shop Rite Stores. This has been communicated to RBM Mike McHugh, along with a recommendation to address this issue with "sniped" DORAL product.

## III. Private Label

SIGNATURE (Amerada Hess Corporation) This Brand although maintaining a significant share of the Marts (8%), and Gas Stations (5%) business is not showing the growth exhibited in 1997. I feel that this is due to three key factors; the large amount of promotional activity on Full Price Brands, the ongoing promotion of Doral and GPC at the rate of $2.00, $ 2.50 and $ 3.00, and a lack of promotional activity on SIGNATURE. Beginning in July SIGNATURE will be featured on snap lock signs using the wording "Cigarettes as low as $_____!"

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COURIER (Quick Chek Food Stores Quick Chek's advertising agency is in the process of developing a pricing insert for use in our 2x2 sign. Additionally, the Chain has developed a special pricing door decal which features Winston, Marlboro, Newport, Kool, and Courier.

WORTH (Wakefern Food Corporation) I am still working on having this Co-Op increase the off invoice amount on WORTH to $3.00. The Category Manager Maureen Gulick moves extremely slow when handling new brands, special pricing, and programs. My next step is to attempt to exert pressure through John Rij, Purchasing Manager.

## IV. Merchandising

Amerada Hess Corporation This Chain opened its newest Hess Express Location in Clinton, NJ on June 18. This store features 10' of backbar fixturing of which we have 4' total feet. An APD is placed on the counter with a DORAL/SIGNATURE Display on the backbar. Philip Morris has a total of 6'. Hess now a five locations for this setup. Charlie Iszard, Jim Piscitelli, and I will be visiting stores in St. Petersburg, Tampa, Daytona, and Fort Myers Florida on July 15, 16 and 17 for the purpose of finalizing New World Setups, and 1998 New World Contracts. In the new contract Hess will become a Bonus PRP Partner. We will also be increasing our total displayed rows in this Chain to 40.

Quick Chek Food Stores A meeting was held with Bob Page, Phil Baseil, Mike Murphy, and John Schaninger for the purpose of discussing result of the 1997 Direct Mail Program. The response from all in attendance was extremely positive. Philip Morris has still not responded to BAT's merchandising offer to fixture the entire chain. I will be meeting with Phil Baseil the week of July 6 to finalize our contracts.

Wakefern Food Corporation As previously stated, the discontinuance of Price Plus and all cigarette couponing in all Shop Rite Stores has a negative impact on volume with this large food co-op. Surveys of 14 Shop Rite Stores during the past two weeks strongly indicates that shoppers who usually purchased cartons using Price Plus or coupons are simply going elsewhere.

Village Shop Rite Completed setup of an Industry Approach set in Watchung, NJ on June 17. The Springfield, and Union Stores are scheduled for July.

Starns Shop Rite Visited (and surveyed) stores with Sales Representative George McAllister on June 18. All stores will comply with 1998 Contracts as set with few changes required. I plan to meet with Sue DeBella, Merchandising Manager on June 26 to sign the new contracts.

Foodarama Shop Rite I will be meeting with Ron Zelesnick on June 25, to sign 1998 contracts.

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Perlmutter Shop Rite Spent time working with Sales Representative Jim McDonald for the purpose of determining our approach to gaining presence in this five store chain. It appears that Philip Morris does not have a contract. I plan to assist McDonald with a merchandising presentation to Phyllis Brown, Buyer, in late July.

Pathmark Stores During my last meting with this Chain we discussed the possibility of reinstating the Meeting Competition Contract in the 45 original stores and increasing the total contract count to 100 stores. A check of AIM Data indicates that the average store RJR volume is now down to 40 cartons per week. With a minimum requirement of 70 cartons per week for the MC Contract, I don't feel it would be in our best business interest to pursue a contract with this Chain.

Grand Union Company Trading area business journals indicate ongoing financial problems for this Chain. The Company is in the process of another restructure for its debt.

## V. Miscellaneous

- ❒ Conducted Sales Rep Toolkit Training on 5/29 (North Jersey), 6/2 (Jersey City), and 6/3 (Brooklyn). Utilized a team effort in training. Both AM's Evanchik and Wolfe were involved.
- ❒ June 4- Attended Quick Chek Annual Golf Outing
- ❒ June 9- w/w Retail Rep Rich Olah- setup of Foodarama Shop Rite, Woodbridge
- ❒ June 10- w/w AM Evanchik
- ❒ June 11- w/w Sales Rep Jim McDonald (surveyed Perlmutter Shop Rite Stores)
- ❒ June 15- setup New World Merchandising Hess Express, Clinton, NJ
- ❒ June 17- w/w Retail Rep Hector Cruz- setup Village Shop Rite, Watchung
- ❒ June 18- w/w Sales Rep George McAllister (surveyed Starn's Shop Rite Stores)

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